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TAGS: OCON, ECOSOC, EGEN, UN

SUBJECT: 1978 SUMMER ECOSOC - COMMITTEE OF THE WHOLE
(COW); TRANSFER OF RESOURCES TEXT, EVENTS OF JULY 21.

REF: GENEVA 11302

THIS MESSAGE IS IN TWO SECTIONS. SECTION I TRANSMITS
TEXT ON TRANSFER OF RESOURCES SUBMITTED BY JAZAIRY
ON JULY 21. SECTION II SUMMARIZES EVENTS OF JULY 21
AND OFFERS PRELIMINARY REFLECTIONS ON NEXT STEPS.

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BEGIN SECTION I.

1. FOLLOWING IS TEXT OF COW CHAIRMAN'S PERSONAL REPORT
(JULY 21) ON COW ITEMS REGARDING TRANSFER OF RESOURCES
TO DEVELOPING COUNTRIES.

BEGIN TEXT: THE DISCUSSION IN THE COMMITTEE ESTABLISHED

THAT THERE SHOULD BE A GLOBAL APPROACH TO THE TRANSFER OF RESOURCES AS AN ISSUE ENCOMPASSING AS IT DOES ODA, INTERNATIONAL PAYMENTS, THE FLOW OF PRIVATE CAPITAL AND INVESTMENT, AND TRADE, IN VIEW OF THE INTERRELATIONSHIP BETWEEN THESE FLOWS AND OF THE NECESSITY OF AVOIDING THAT SOME FLOWS CANCEL OR OTHERWISE ADVERSELY AFFECT OTHERS.

2. THE COMMITTEE REAFFIRMED THAT THE ECONOMIC AND SOCIAL DEVELOPMENT OF ALL DEVELOPING COUNTRIES IS THE PRIMARY RESPONSIBILITY OF THESE COUNTRIES THEMSELVES, WHOSE TASK IT IS TO MAKE THE STRUCTURAL ADAPTATIONS THEY DEEM NECESSARY AND TO ENSURE FULL MOBILIZATION OF THEIR RESOURCES TO THIS END. IN THIS CONTEXT, IT WAS RECOGNIZED THAT DEVELOPMENT POLICIES ARE TO BE BASED ON THE RECOGNITION OF THE FACT THAT HUMAN RESOURCES ARE THE MOST VALUABLE OF ALL RESOURCES IN THE DEVELOPMENT PROCESS AND THAT THE WELFARE OF THE INDIVIDUAL IS THE ULTIMATE GOAL OF DEVELOPMENT.

3. THE COMMITTEE ALSO REAFFIRMED THAT THE TRANSFER OF RESOURCES IS A MAJOR INGREDIENT IN THE DETERMINATION OF THE WORLD COMMUNITY TO WORK URGENTLY FOR THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER BASED ON EQUITY, SOVEREIGN EQUALITY, INTERDEPENDENCE, COMMON INTEREST AND CO-OPERATION AMONG ALL STATES IRRESPECTIVE LIMITED OFFICIAL USE

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OF THEIR ECONOMIC AND SOCIAL SYSTEMS WHICH SHALL CORRECT INEQUALITIES AND REDRESS EXISTING INJUSTICES AND MAKE IT POSSIBLE TO REDUCE WITH THE ULTIMATE VIEW OF ELIMINATING THE WIDENING GAP BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

4. THE SPECIFIC THEMES WAS TAKEN UP BY THE COMMITTEE IN THE CONTEXT OF THE IMPLEMENTATION OF UN RESOLUTIONS RELEVANT TO THE ITEM OF TRANSFER OF RESOURCES IN REAL TERMS TO DEVELOPING COUNTRIES. HOWEVER, THE COMMITTEE FOCUSED ON SELECTED ASPECTS OF THE AFORESAID ITEM WITHOUT PREJUDICE TO AGREEMENTS AND POSITIONS REFERRED TO ABOVE ON OTHER ASPECTS THEREOF.

5. THE COMMITTEE AGREED THAT THE NOTION OF MUTUALITY OF INTEREST BETWEEN DEVELOPING AND DEVELOPED COUNTRIES SHOULD BE BROADENED AND ITS IMPLEMENTATION REASSESSED IN THE LIGHT OF THE GENERAL ACCEPTANCE OF THE CONCEPT OF GENUINE GLOBAL INTERDEPENDENCE. THIS CONCEPT RECOGNIZES THE IMPORTANCE OF THE GROWTH POTENTIAL OF DEVELOPING COUNTRIES FOR THE RESUMPTION OF A SUSTAINED AND NON-INFLATIONARY EXPANSION OF THE WORLD ECONOMY AND THE FACT THAT

THE IMPROVEMENT IN THE PURCHASING POWER OF THE DEVELOPING COUNTRIES IS NOT ONLY A MEANS OF FURTHERING THEIR OWN DEVELOPMENT BUT ALSO PROVIDES A STIMULUS TO WORLD ECONOMIC ACTIVITY. THIS STIMULUS SHOULD BE MEASURED NOT ONLY IN TERMS OF MULTIPLIER EFFECT BUT EQUALLY IN TERMS OF REDUCING UNCERTAINTY WHICH DETERS INVESTMENTS IN INDUSTRIALIZED COUNTRIES.

6. THE URGENT NECESSITY OF A CONSIDERABLE AND SUSTAINED INCREASE IN THE TRANSFER OF RESOURCES TO DEVELOPING COUNTRIES ON THE BASIS OF THEIR DEVELOPMENT OBJECTIVES AND PRIORITIES WAS RECOGNIZED BY THE COMMITTEE, AS BEING AN INDISPENSABLE COMPONENT OF ANY COMPREHENSIVE INTERNATIONAL ACTION TO OVERCOME THE GRAVE INTERNATIONAL LIMITED OFFICIAL USE

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NATIONAL ECONOMIC SITUATION NOW PREVAILING. IT WAS AGREED THAT ANY SUCH TRANSFER SHOULD BE SUPPORTIVE OF STRUCTURAL CHANGE IN THE PATTERN OF WORLD PRODUCTION AND TRADE.

IT WAS LIKEWISE RECOGNIZED IN THIS CONTEXT THAT THE ADVERSE IMPACT ON DEVELOPING COUNTRIES OF IMPORTED INFLATION AND OF THE ADJUSTMENT PROCESS IN DEVELOPED COUNTRIES AS WELL AS THE LACK OF EXTERNAL FINANCING ADAPTED TO THE NATURE OF THE IMBALANCES OF DEVELOPING COUNTRIES HAD CONTRIBUTED TO A SHARP INCREASE IN THE EXTERNAL INDEBTEDNESS OF MOST OF THE LATTER AND THUS COMPELLED LIMITED OFFICIAL USE

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THESE COUNTRIES TO SCALE DOWN THEIR DEVELOPMENT PLANS. IT WAS AGREED THAT THIS TREND SHOULD BE REVISED AS THIS WOULD ALSO IMPROVE THE HEALTH OF THE WORLD ECONOMY BY ENABLING DEVELOPING COUNTRIES TO RESTORE EXTERNAL EQUILIBRIUM THROUGH THE EXPANSION RATHER THAN THE CONTRACTION OF ECONOMIC ACTIVITY.

7. INTERNATIONALLY AGREED QUANTITATIVE AND QUALITATIVE TARGETS AS REGARDS ODA WERE RECALLED. THE COMMITTEE NOTED WITH CONCERN THAT ODA FLOWS FROM DEVELOPED MARKET ECONOMY COUNTRIES HAD DECLINED IN RELATION TO GNP AS COMPARED TO 1970. HOWEVER, IT EXPRESSED ITS DEEP APPRECIATION TO THE NETHERLANDS, NORWAY AND SWEDEN, WHO ANNOUNCED THAT THEY HAVE PASSED THE 0.7 PER CENT TARGET AND THAT THEY INTEND TO DEVOTE 1 PER CENT OR MORE OF THEIR GNP TO ODA. THE COMMITTEE ALSO NOTED WITH SATISFACTION THE STATEMENT MADE IN THE COMMITTEE BY THE GOVERNMENT OF FINLAND CONCERNING ITS DECISION TO WRITE OFF ALL OUTSTANDING BILATERAL DEVELOPMENT CREDITS TO THE LEAST DEVELOPED COUNTRIES AND OTHER COUNTRIES IN A COMPARABLE POSITION, AS WELL AS THAT OF THE GOVERNMENT OF JAPAN TO THE EFFECT THAT IT WOULD DOUBLE ITS ODA IN THREE YEARS. THE COMMITTEE ALSO WELCOMED THE STATEMENT MADE BY THE GOVERNMENTS OF CONCERNING THEIR INTENTION TO ...(INDICATION OF ODA INCREASE AND TIME FRAME OR PROVISION OF RETROACTIVE TERMS ADJUSTMENTS OF DEBT).

THE COMMITTEE INVITED ALL OTHER DEVELOPED COUNTRIES WHO HAVE NOT ALREADY DONE SO, TO PROCEED AS A MATTER OF URGENCY TO MAKE OFFICIAL STATEMENTS AS TO THE EXTENT TO WHICH THEY INTEND TO INCREASE THEIR ODA, PROCEED TO RETROACTIVE TERMS ADJUSTMENTS OF DEBT OR OTHERWISE

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EXTEND THEIR PROGRAMMES OF DEVELOPMENT CO-OPERATION WITH DEVELOPING COUNTRIES IN THE FORM APPROPRIATE TO THE ECONOMIC AND SOCIAL SYSTEMS OF THE DEVELOPED COUNTRIES CONCERNED. IN SO DOING, THEY SHOULD TAKE INTO ACCOUNT THE FACT THAT THEIR EFFORTS SHOULD BE GREATER THE LOWER THEIR RELATIVE PERFORMANCE.

THE COMMITTEE EMPHASIZED THE NEED TO FAVOR SPECIAL CATEGORIES OF DEVELOPING COUNTRIES IN COMPLIANCE WITH THE RELEVANT UN RESOLUTIONS.

AS REGARDS THE QUALITY OF ODA, WHILE OVERALL TERMS HAD IMPROVED NOTICEABLY, THE COMMITTEE AGREED THAT FURTHER PROGRESS SHOULD BE ACHIEVED IN THIS FIELD THROUGH MORE EXTENSIVE RESORT TO PROGRAMME AND LOCAL-COST FINANCING AND THROUGH THE FURTHER IMPROVEMENT OF CONCESSIONAL TERMS FOR SPECIAL CATEGORIES OF DEVELOPING COUNTRIES WITH SPECIAL CONSIDERATION GIVEN TO THE LEAST DEVELOPED COUNTRIES.

8. THE COMMITTEE EMPHASIZED THE NECESSITY OF EARLY IMPLEMENTATION OF THE PLEDGE TO EXPAND THE RESOURCE BASE OF MULTILATERAL DEVELOPMENT BANKS ON THE SCALE NEEDED TO MEET THE GROWING NEEDS OF DEVELOPING COUNTRIES FOR LOANS ON CURRENT TERMS. IT LIKEWISE AGREED THAT SUPPORT SHOULD BE PROVIDED IN THE CONTEXT OF AN INCREASE IN CONCESSIONAL AID, FOR SOFT LOAN FUNDS OF THE WORLD BANK AND OF THE THREE REGIONAL DEVELOPMENT BANKS, AND THAT REGULAR AND TIMELY REPLENISHMENTS OF IDA SHOULD BE ENSURED ON A SCALE THAT WOULD PERMIT ITS LENDING TO RISE ANNUALLY IN REAL TERMS.
IN THIS CONTEXT DAC MEMBER COUNTRIES INFORMED THE COMMITTEE OF THE FOLLOWING MEASURES THEY WERE TAKING WITH A VIEW TO IMPLEMENTING THESE PLEDGES AND DECISIONS...

THE COMMITTEE ALSO RECOMMENDED THAT THERE SHOULD
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BE A STEADY INCREASE IN REAL TERMS OF THE RESOURCES OF THE UNITED NATIONS FUNDS. THE COMMITTEE ALSO UNDERLINED THE NECESSITY TO SEEK TO RECONCILE BUDGETARY PROCEDURES IN DONOR COUNTRIES, WITH THE FINANCING OF MULTILATERAL ACTIVITIES ON A MULTI-YEARS BASIS TO PROVIDE A LONG-TERM BASIS FOR THESE FUNDS AND PROGRAMMES.

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9. RENEWED EMPHASIS WAS EXPRESSED BY THE COMMITTEE
ON THE NECESSITY TO PROVIDE BILATERAL AND MULTILATERAL
FINANCIAL RESOURCES ON A MORE PREDICTABLE CONTINUOUS
AND INCREASINGLY ASSURED BASIS.

10. THE COMMITTEE CONSIDERED THAT THE COMPETENT
INTERNATIONAL FINANCIAL INSTITUTIONS SHOULD
ENDEAVOUR TO INCREASE TOTAL OFFICIAL FINANCE AVAILABLE TO
DEVELOPING COUNTRIES TO COVER TEMPORARY PAYMENTS DEFICITS
ON CURRENT ACCOUNT.

11. THE COMMITTEE AGREED HOWEVER THAT IT WAS ALSO
NECESSARY FOR INTERNATIONAL MONETARY AND FINANCIAL
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MECHANISMS TO BE MADE MORE RESPONSIVE TO THE NEEDS OF THE GLOBAL ECONOMY IN THE LIGHT OF THE GENERAL IMBALANCE IN THE INTERNATIONAL BALANCE OF PAYMENTS SITUATION AND IN PARTICULAR OF THE STRUCTURAL CHARACTER OF THE DEVELOPING COUNTRIES' DEFICIT AND OF THEIR SPECIFIC ECONOMIC AND SOCIAL CONDITIONS.

12. THE COMMITTEE EMPHASIZED THE NEED FOR FURTHER FACILITATING ACCESS BY DEVELOPING COUNTRIES TO CAPITAL MARKETS OF DEVELOPED COUNTRIES AND FOR PROVIDING FAVOURABLE TREATMENT TO BOND ISSUES OF DEVELOPING COUNTRIES.

THERE WAS BROAD AGREEMENT IN THE COMMITTEE ON THE FACT THAT FOREIGN INVESTMENT UNDER SUITABLE CONDITIONS INCLUDING THE RESPECT OF SOVEREIGNTY OF HOST COUNTRIES AND THE PROVISION OF A FAVORABLE INVESTMENT CLIMATE CAN BE IN THE MUTUAL INTEREST OF DEVELOPED AND DEVELOPING COUNTRIES.

13. THE COMMITTEE CONSIDERED THAT ADDITIONAL MASSIVE TRANSFERS OF FINANCIAL RESOURCES, OFFICIAL AND PRIVATE, ARE NECESSARY IN ORDER TO ENHANCE THE PRODUCTIVE CAPACITY OF DEVELOPING COUNTRIES. THESE STEPPED-UP TRANSFERS COULD THROUGH STIMULATION OF THE DEMAND OF DEVELOPING COUNTRIES FOR IMPORTS BE MADE TO ASSIST THEIR DEVELOPMENT EFFORT WHILE STIMULATING NON-INFLATIONARY GLOBAL DEMAND. THIS IN TURN WOULD PROMOTE GROWTH AND REACTIVATE WORLD ECONOMIC ACTIVITY. SCHEMES TO THAT EFFECT SHOULD NOT DIVERT EXISTING CONCESSIONAL OR OTHER FINANCIAL FLOWS AND SHOULD BRING FORTH ADDITIONAL FLOWS OF FUNDS. THEY WOULD HAVE TO ALLOW FOR ADEQUATE PARTICIPATION OF DEVELOPING COUNTRIES IN THE PLANNING AND IMPLEMENTATION THEREOF IN CONFORMITY WITH THEIR NATIONAL PLANS AND PRIORITIES. THE SECRETARY-GENERAL OF THE UNITED NATIONS LIMITED OFFICIAL USE

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WAS REQUESTED TO UNDERTAKE STUDIES WITH A VIEW TO PROVIDING THE COMMITTEE WITH ELEMENTS OF APPRAISAL ON THIS ISSUE AT ITS THIRD SESSION.

14. THE COMMITTEE NOTED THE ABSENCE OF ANY INTEGRATED APPROACH AT THE LEVEL OF THE UNITED NATIONS TO THE INTERRELATED ASPECTS OF THE TRANSFER OF REAL RESOURCES. IT THEREFORE REQUESTED THE SECRETARY-GENERAL TO REPORT TO THE COMMITTEE AT ITS THIRD SESSION ON THE POSSIBILITY OF EVOLVING A COMPREHENSIVE SYSTEM OF INTERNATIONAL FINANCIAL CO-OPERATION UNDER WHICH THE COMPOSITION AND FORM OF EXTERNAL FINANCIAL FLOWS, AS WELL AS THEIR ADEQUACY AND CONSISTENCY, WOULD BE PERIODICALLY ASSESSED IN THE LIGHT OF RECOGNIZED NEEDS AND INTERNATIONALLY

ACCEPTED DEVELOPMENT OBJECTIVES.

15. THE COMMITTEE AGREED THAT A MORE OPEN AND IMPROVED INTERNATIONAL TRADING SYSTEM WHICH WOULD ENABLE THE EQUITABLE PARTICIPATION OF DEVELOPING COUNTRIES IN WORLD TRADE AND MORE BROADLY AND EFFICIENTLY DISTRIBUTED THE BENEFITS DERIVED THEREFROM IS URGENTLY NEEDED. AS THIS AREA OF GLOBAL ECONOMIC ACTIVITIES IS ONE OF THE PRINCIPAL ECONOMIC VEHICLES BY WHICH DEVELOPING COUNTRIES OBTAIN THE RESOURCES REQUIRED FOR THEIR DEVELOPMENT, THE COMMITTEE REITERATED THE NECESSITY OF MAKING CONCERTED EFFORTS IN FAVOUR OF THE DEVELOPING COUNTRIES. THEIR EFFORTS SHOULD AIM AT EXPANDING AND DIVERSIFYING THE TRADE OF THESE COUNTRIES, AT IMPROVING AND DIVERSIFYING THEIR PRODUCTIVE CAPACITY, AT IMPROVING THEIR PRODUCTIVITY AND INCREASING THEIR EXPORT EARNINGS WITH A VIEW TO COUNTERACTING THE ADVERSE EFFECTS OF INFLATION - THEREBY SUSTAINING REAL INCOMES - AND WITH A VIEW TO IMPROVING THE TERMS OF TRADE OF THE DEVELOPING COUNTRIES AND IN ORDER TO ELIMINATE THE ECONOMIC IMBALANCE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

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16. THE COMMITTEE NOTED WITH CONCERN THE EMERGENCE OF PROTECTIONIST PRESSURES WHICH LEAD IN SOME CASES TO PROTECTIONIST ACTION AND OTHER ADVERSE EFFECTS IN PARTICULAR ON DEVELOPING COUNTRIES. IT WAS AGREED THAT

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DETERMINED AND BROADLY CONCEIVED NATIONAL AND INTER-
NATIONAL EFFORTS DIRECTED AT THE UNDERLYING CAUSES
AS WELL AS AT SPECIFIC PROTECTIONIST MEASURES, "43
URGENTLY NEEDED TO ARREST THIS DRAFT TOWARD PROTECTIONISM
AND TO REDUCE TRADE BARRIERS.

END SECTION I.

BEGIN SECTION II.

17. BEFORE NOON ON JULY 21, COW CHAIRMAN JAZAIRY
CIRCULATED TEXT ON TRANSFER OF RESOURCES (TOR)
TRANSMITTED IN SECTION I OF THIS MESSAGE. IN PRESENTING
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WHAT HE CALLED "NON-PAPER" TO "FRIENDS OF THE CHAIRMAN"
ON AFTERNOON JULY 21, JAZAIRY NOTED HIS HOPE WAS THAT
DELEGATIONS' COMMENTS ON SUBSTANCE COULD PERMIT HIM
TO SEND A "CHAIRMAN'S SUGGESTED OUTLINE" TO GOVERNMENTS
WHICH, IN TURN, COULD COME CLOSER TO BEING AN ACCEPTABLE
BASIS OF WORK IN SEPTEMBER. HE RECOGNIZED THAT QUESTION
OF FORM OF COMMITTEE'S CONCLUSIONS WAS STILL OPEN AND
SUGGESTED THAT "CHAIRMAN'S OUTLINE" COULD INCLUDE THIS
CAVEAT. IN RESPONSE TO CANADIAN QUESTION, HE ADMITTED
THAT TEXT WAS "OPTIMISTIC" IN THAT HE PREFERRED THAT
DELEGATIONS, NOT HIMSELF, SIGNAL POINTS OF
DISAGREEMENT. HE ASSUMED THAT AGREED TEXTS ON AGENDA
ITEMS 1, 3, AND 4 OF MAY MEETING WOULD BE RETAINED,
WITH SOME UPDATING ON 3 AND 4. HE NOTED THAT PARAS
1-3, 15 AND 16 OF "NON-PAPER" REPRODUCED SECTIONS AGREED
AT MAY MEETING. HE STRESSED THAT OBJECT OF THIS
EXERCISE WAS TO INSURE THAT WHATEVER DOCUMENT HE
PRESENTED FORMALLY TO COMMITTEE AT SEPTEMBER WOULD
"NOT BE REJECTED AS BASIS FOR WORK", ALTHOUGH OF COURSE
SUBJECT TO AMENDMENTS. OTHERWISE, THERE WOULD BE
DANGER OF "BREAKDOWN".

18. COMMENTS OF WESTERN DELS IN "FRIENDS" WERE CAUTIOUS, BEARING IN MIND NEED TO STRENGTHEN JAZAIRY BY RESPONDING POSITIVELY TO HIS EFFORT, AND DESIRE NOT TO BE FIRST TO CRITICIZE SUBSTANCE OR FORM OF PAPER. US REP NOTED THAT HE EXPECTED USG COMMENTS WOULD NOT BE CONFINED TO SUBSTANCE, BUT WOULD FOCUS ON HOW MOST USEFULLY TO HANDLE THIS SUBSTANCE IN SEPTEMBER, SO THAT MEETING COULD INDICATE REAL AGREEMENTS AND, MOST IMPORTANT, PAVE WAY FOR REFLECTION IN CAPITALS, LEADING HOPEFULLY TO ACTIONS AND AGREEMENTS IN APPROPRIATE FORA. MORE SPECIFICALLY, HE ANTICIPATED LIMITED OFFICIAL USE

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USG COMMENTS ON USEFULNESS OF PROCESS OF EDITING TEXTS AS OPPOSED TO DEALING WITH CONCEPTS. SIMILAR POINT WAS MADE BY CANADA, WHILE FRG (FOR EC), NEW ZEALAND, AND JAPAN SUGGESTED THAT A MORE CLEAR DIFFERENTIATION OF VARIOUS VIEWS MIGHT BE USEFUL, WITH FRG SPECIFICALLY REFERRING TO THREEFOLD DEVISION; AGREEMENT, NO AGREEMENT, RECONSIDER. NORDICS, WITH ONLY SLIGHT RESERVATIONS, INDICATED SUBSTANCE OF PAPER SEEMED ACCEPTABLE. G-77 SPEAKERS, INCLUDING MILLS, RECALLED THAT "77 POSITIONS WERE WELL KNOWN", MADE GENERALIZED AND SOMEWHAT INSISTANT CALLS FOR "ACTION", AND EXPRESSED WILLINGNESS TO WORK WITH JAZAIRY. THEY MADE NO SPECIFIC COMMENTS ON FORM OR CONTENT OF PAPER. SOVIETS, Milder than on 20th, SIMPLY NOTED THEY HAD NO INSTRUCTIONS.

19. JAZAIRY SUGGESTED AN ADDITIONAL MEETING NEXT WEEK TO GET FURTHER COMMENTS; YUGOSLAVS PROPOSED "SECOND HALF" OF WEEK. US AND OTHER WESTERN DELS INDICATED WILLINGNESS TO PROVIDE THESE IN LATTER PART OF WEEK, EC-9 INDICATED THEY COULD NOT BE READY, "EVEN BY SATURDAY". IN FACE OF THIS, JAZAIRY PROPOSED TO DISCUSS WITH BUREAU TWO POSSIBLE SOLUTIONS:

(A) INFORMAL DISCUSSIONS BEGINNING SEPTEMBER 1, FOUR DAYS BEFORE SCHEDULED SEPTEMBER 5 OPENING OF NEXT MEETING;

(B) FURTHER EFFORTS AT POSTPONING NEXT MEETING TO SEPTEMBER 18-28, WHICH WAS HIS PREFERENCE. SEPTEMBER 5-15 PERIOD COULD BE USED FOR INFORMAL CONSULTATIONS.

HE CONCLUDED WITH PLEAS THAT SEPTEMBER FORMAL SESSION OF COW, WHENEVER HELD, BE SUFFICIENTLY WELL PREPARED TO AVOID ANY DANGER OF BREAKDOWN. INFORMALLY, HE

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ASKED USG SUPPORT FOR POSTPONEMENT.

20. WESTERN DELEGATIONS HAD OPPORTUNITY TO EXCHANGE
VIEWS AMONGST THEMSELVES BOTH IN 2:00 PM "VINCI GROUP"

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MEETING AND AT US RECEPTION LATER IN EVENING. PAPER
WAS CLEARLY NOT WHAT WAS EXPECTED, AND FIRST REACTIONS
IN VINCI GROUP WERE RELATIVELY NEGATIVE AS TO ITS
FORM, AND IMPLICATION THAT RESUMED DISCUSSION ON ITEM 2
IN SEPTEMBER, AND PERHAPS EVEN FUTURE WORK ON OTHER
ITEMS, COULD CONTINUE TO BE PROCESS OF NEGOTIATING
LENGTHY TEXTS. FURTHER, THERE WAS FEELING THAT SUCH AN
APPROACH WAS "STATIC" AND IN FACT OFFERED LESS TO 77

THAN US PROPOSAL. BY TIME OF EVENING RECEPTION, HOWEVER, MANY HAD HAD OPPORTUNITY OF EXAMINING CONTENT OF TEXT MORE CAREFULLY; SECOND READING REINFORCED VIEW (NOT ONLY AMONG NORDICS, BUT ALSO DEREK THOMAS OF UK, SWISS AND COUNT YORK OF FRG) THAT TEXT WAS CONSIDERABLE LIMITED OFFICIAL USE

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IMPROVEMENT OVER PROPOSALS OF CHAIRMAN AND G-77 IN MAY, BOTH WITH REGARD TO WHAT IT CONTAINED (LANGUAGE ON CENTRALITY OF MAN AND HUMAN RESOURCES IN DEVELOPMENT AND ON INVESTMENT) AND TO WHAT IT OMITTED (MOST CONTENTIOUS LANGUAGE ON AID TARGETS AND MONETARY AFFAIRS). WHILE THOMAS STILL STRESSED DESIRABILITY OF MORE CLEARLY DELINEATING AGREEMENTS, DISAGREEMENTS, ETC., AND SWISS (ALONE) MAINTAINED HESITATION ON "THE COMMITTEE AGREED" ETC, YORK AND NORDICS SUGGESTED WEST WOULD DO WELL TO WORK WITH TEXT AND "PUT IT TO BED" AS FAST AS POSSIBLE. THIS WOULD HELP JAZAIRY, AND COULD BE JUSTIFIED BY FACT THAT "TEXTUAL" APPROACH HAD ALREADY TAKEN HOLD ON ITEM 1, AGREED PARTS OF ITEM 2, AND ITEM 3 AND 4 AT MAY MEETING. WHAT WOULD BE IMPORTANT, HOWEVER, WAS TO INSURE THAT FUTURE WORK OF COMMITTEE WOULD NOT FOLLOW SAME FORMULA, BUT BE BASED MORE CLOSELY ON APPROACH SUGGESTED BY AMBASSADOR YOUNG.

21. AT RECEPTION, BENHOCINE OF ALGERIA MADE INTERESTING COMMENT TO DELOFF ON "THREE CATEGORY" PROPOSAL AS DESCRIBED BY FRG AT "FRIENDS". HE NOTED RATHER THAN TO LIST "DISAGREED" SUBJECTS, (AND THEREBY "CONDEMN THESE TO OBLIVION") IT WOULD BE BETTER IN SUCH CASES FOR COW SIMPLY TO REGISTER DIFFERENT VIEWS AND HENCE LEAVE OPEN HOPE OF MOVEMENT LATER. POINT, OF COURSE, IS CLEARLY IMPLIED WILLINGNESS TO ACCEPT A COW REPORT REFLECTING REAL STATUS OF DISCUSSIONS, IN ACCORD WITH US PROPOSAL.

22. WHILE RECOGNIZING THAT PAPER CONTAINS MORE PROBLEMS THAN THEY PERCEIVE, US DEL SEES CONSIDERABLE MERIT IN YORK-NORDIC ARGUMENTS FOR HANDLING PAPER AS SYMPATHET- LIMITED OFFICIAL USE

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ICALLY AS POSSIBLE, ON CLEAR CONDITION IT NOT SET PRECEDENT. WE ALSO SEE MERIT IN INDICATING HOW WE PROPOSE TO APPLY AMBASSADOR YOUNG'S FORMULA TO TRANSFER OF RESOURCES ITEM, EVEN IF THIS NOT "REQUIRED".

TERMINATION OF DISCUSSIONS HERE, AND DEPARTURE OF JAZAIRY ON JULY 24 FOR VACATION LASTING UNTIL AUGUST 5, CLEARLY GIVE USG MORE TIME TO RESPOND TO PAPER. JAZAIRY SUGGESTED, HOWEVER, THAT OUR RESPONSE (PRESUMABLY IN WRITING) ALSO BE PASSED TO SECRETARIAT FOR CIRCULATION TO OTHER DELS, EITHER IN NEW YORK OR, IF DURING ECOSOC, IN GENEVA. HE MADE SIMILAR REQUESTS TO OTHERS. OBJECT IS TO PERMIT MAXIMUM EXCHANGE OF VIEWS PRIOR TO FINAL INFORMAL CONSULTATIONS BEFORE SEPTEMBER MEETING. USDEL RECOGNIZES THIS WAS NOT OUR INTENTION, AND SUGGESTS THAT WE CERTAINLY NOT CIRCULATE TEXT IN GENEVA. IF DEPT DOES NOT WISH TO CIRCULATE OUR RESPONSE IN NEW YORK, WE SHOULD EXPLAIN VIEW TO JAZAIRY IN AUGUST.

23. AS TO TIMING OF MEETING, IT MAY BE THAT SEPTEMBER 5-15 DATE IS REALLY BEST, ESPECIALLY SINCE ALTERNATIVE COULD INCLUDE OVER-LONG PREPARATIONS AND GREATER RISK OF OVERFLOW (SUCH AS IN DRAFTING REPORT) INTO GA. IF DEPARTMENT FINDS JAZAIRY TEXT PROVIDES A BASIS FOR WORK, A SEPTEMBER 1-4 PREPARATORY PERIOD (SACRIFICING LABOR DAY WEEKEND) MIGHT BE SUFFICIENT TO TREAT TEXT AND OUTSTANDING QUESTIONS OF MANNER OF COMMITTEE'S OPERATIONS. WE HAVE, OF COURSE, ENDORSED THE SEPTEMBER 18-28 PROPOSAL (FOR NEW YORK MEETING) AND CANNOT THEREFORE GET OUT IN FRONT ON OPPOSITE SENSE.

24. NOTE: IN PARA 5 REFTTEL, LINE 7, TEXT SHOULD READ "STRESSING BALANCE AMONG FOUR ITEMS OF COW MANDATE", NOT "AGENDA". IN SECTION I, PARA 6, 5TH LINE FROM BOTTOM, SHOULD BE "REVERSED" INSTEAD OF "REVISED".

VANDEN HEUVEL
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, COMMITTEES, ECONOMIC RESOURCES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA11316
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780302-0198
Format: TEL
From: GENEVA USEEC
Handling Restrictions: n/a
Image Path:
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Line Count: 694
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Litigation History:
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Message ID: e1a58a6e-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 11302
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1918753
Secure: OPEN
Status: NATIVE
Subject: 1978 SUMMER ECOSOC - COMMITTEE OF THE WHOLE (COW); TRANSFER OF RESOURCES TEXT, EVENTS OF JULY 21.
TAGS: OCON, EGEN, ECOSOC, UN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e1a58a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014